

In re P8H, Inc. d/b/a Paddle 8
Debtor

Case No. 20-10809
Reporting Period: 09/01/20 - 09/30/20
Federal Tax I.D. # 81-5071415

CORPORATE MONTHLY OPERATING REPORT*

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.

the month, as are the reports for Southern District of New York.) (Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	Yes	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CON'T)	Yes	Notes
Copies of bank statements		Yes	
Cash disbursements journals		No	
Statement of Operations	MOR-2	Yes	Notes
Balance Sheet	MOR-3	Yes	Notes
Status of Post-petition Taxes	MOR-4	Yes	Notes
Copies of IRS Form 6123 or payment receipt		No	
Copies of tax returns filed during reporting period		No	
Summary of Unpaid Post-petition Debts	MOR-4	No	
Listing of Aged Accounts Payable		No	
Accounts Receivable Reconciliation and Aging	MOR-5	No	
Taxes Reconciliation and Aging	MOR-5	Yes	Notes
Payments to Insiders and Professional	MOR-6	Yes	
Post Petition Status of Secured Notes, Leases Payable	MOR-6	No	
Debtor Questionnaire	MOR-7	Yes	Notes

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

/s/ Megan E. Noh, as Chapter 11 Trustee

10/19/2020

Megan E. Noh, Chapter 11 Trustee

Date

(signature appears on next page)

Ramesh Ganeshan, Controller, P8H, Inc. d/b/a Paddle 8, Debtor

Date

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

In re P8H, Inc. d/b/a Paddle 8
Debtor

Case No. 20-10809
Reporting Period: 09/01/20 - 09/30/20
Federal Tax I.D. # 81-5071415

CORPORATE MONTHLY OPERATING REPORT*

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.


the month, as are the reports for Southern District of New York.) (Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	Yes	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CON'T)	Yes	Notes
Copies of bank statements		Yes	
Cash disbursements journals		No	
Statement of Operations	MOR-2	Yes	Notes
Balance Sheet	MOR-3	Yes	Notes
Status of Post-petition Taxes	MOR-4	Yes	Notes
Copies of IRS Form 6123 or payment receipt		No	
Copies of tax returns filed during reporting period		No	
Summary of Unpaid Post-petition Debts	MOR-4	No	
Listing of Aged Accounts Payable		No	
Accounts Receivable Reconciliation and Aging	MOR-5	No	
Taxes Reconciliation and Aging	MOR-5	Yes	Notes
Payments to Insiders and Professional	MOR-6	Yes	
Post Petition Status of Secured Notes, Leases Payable	MOR-6	No	
Debtor Questionnaire	MOR-7	Yes	Notes

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Megan E. Noh, Chapter 11 Trustee

Date

 Ganeshan, Controller, P8H, Inc. d/b/a Paddle 8, Debtor

10.16.20
Date

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

ACCOUNT NUMBER (LAST 4)	BANK ACCOUNTS				
	OPER	PAYROLL	TAX	OTHER	CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
CASH BEGINNING OF MONTH	962,003.36		0	0	962,003.36
RECEIPTS					
CASH SALES					-
ACCOUNTS RECEIVABLE - PREPETITION					-
ACCOUNTS RECEIVABLE - POSTPETITION					-
LOANS AND ADVANCES					-
SALE OF ASSETS					-
OTHER (ATTACH LIST)					-
TRANSFERS (FROM DIP ACCTS)					
TOTAL RECEIPTS	962,003.36	-	-	-	962,003.36
DISBURSEMENTS					
NET PAYROLL	8,648.00				8,648.00
PAYROLL TAXES	7,207.78				7,207.78
SALES, USE, & OTHER TAXES					-
INVENTORY PURCHASES					-
SECURED/ RENTAL/ LEASES	6,983.46				6,983.46
INSURANCE					-
ADMINISTRATIVE	6,069.20				6,069.20
SELLING	3,798.69				3,798.69
OTHER	5,325.00				5,325.00
OWNER DRAW *					-
TRANSFERS (TO DIP ACCTS)					-
PROFESSIONAL FEES	16,450.00				16,450.00
U.S. TRUSTEE QUARTERLY FEES					-
COURT COSTS					-
TOTAL DISBURSEMENTS	54,482.13	-	-	-	54,482.13
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(54,482.13)	-			(54,482.13)
CASH - END OF MONTH	907,521.23	-	-	-	907,521.23

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED
 DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CREDIT CARD ACTUAL COLUMN)

TOTAL DISBURSEMENTS	50,683.44
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	0
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	0
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	50,683.44

NOTE: DISBURSEMENTS ARE CALCULATED WITHOUT REFERENCE TO CREDIT CARD CHARGEBACKS, WHICH DID NOT REDUCE ACTUAL CASH OF THE ESTATE. NO CHARGEBACKS WERE RECORDED FOR THIS MONTH.

Note to Disbursements |Professional Fees:

Monthly charge backs by credit card companies (no cash changed hands):

Date	Num	Amount
9/19/2020	SB3303-Dispute	3,798.69

The Monthly Operating Reports previously filed for March 2020, April 2020, May 2020, June 2020 and July 2020 reported prior credit card chargebacks book by credit card issuers. The reports did not clearly state that those transactions were non-cash adjustments that did not result in an outflow of funds from the estate. The Trustee is evaluating whether the estate may have a right of action against the credit card issuers for payment of the relevant sums.

Note to Disbursements |Other

Sales tax remitted to NYS tax authority for certain assets sold in court-approved asset sale.

Note to Disbursements |Selling Expenses:

Viking Advocates LLC	4,900.00	Fees and expenses for international service of process in adversary proceedings
Translingua Associates Inc.	11,550.00	Fees for translation of adversary proceeding papers for international service
Total	<u>16,450.00</u>	

BANK RECONCILIATIONS

Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.
 (Bank account numbers may be redacted to last four numbers.)

	Operating	Payroll	Tax	Other
#	#	#	#	#
BALANCE PER BOOKS	907,521.23			
BANK BALANCE	907,521.23			
(+) DEPOSITS IN TRANSIT (<i>ATTACH LIST</i>)				
(-) OUTSTANDING CHECKS (<i>ATTACH LIST</i>):				
OTHER (<i>ATTACH EXPLANATION</i>)				
ADJUSTED BANK BALANCE *	907,521.23	-	-	-

*"Adjusted Bank Balance" must equal "Balance per Books"

DEPOSITS IN TRANSIT	Date	Amount	Date	Amount
CHECKS OUTSTANDING	Ck. #	Amount	Ck. #	Amount

OTHER

STATEMENT OF OPERATIONS (Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	MONTH	CUMULATIVE -FILING TO DATE
Gross Revenues	-	22,733.49
Less: Returns and Allowances	(265.99)	(57,509.63)
Net Revenue	(265.99)	(34,776.14)
COST OF GOODS SOLD	-	
Beginning Inventory (See note below)		
Add: Purchases	-	18,750.00
Add: Cost of Labor	-	43,623.11
Add: Other Costs (<i>attach schedule</i>)	1,940.73	27,612.19
Less: Ending Inventory	-	-
Cost of Goods Sold	1,940.73	89,985.30
Gross Profit	(2,206.72)	(124,761.44)
OPERATING EXPENSES		
Advertising		82.50
Auto and Truck Expense		-
Bad Debts		-
Contributions		-
Employee Benefits Programs	708.10	15,913.29
Officer/Insider Compensation*		-
Insurance	777.79	10,924.10
Management Fees/Bonuses		-
Office Expense	5,931.70	8,369.29
Pension & Profit-Sharing Plans		-
Repairs and Maintenance	1,203.89	57,382.00
Rent and Lease Expense	-	41,701.83
Salaries/Commissions/Fees	13,983.66	292,781.32
Supplies		1,015.49
Taxes - Payroll	1,301.52	29,919.48
Taxes - Real Estate		-
Taxes - Other		-
Travel and Entertainment	-	-
Utilities		1,826.66
Other (<i>attach schedule</i>)		-
Total Operating Expenses Before Depreciation	23,906.66	459,915.96
Depreciation/Depletion/Amortization	5,552.77	44,760.01
Net Profit (Loss) Before Other Income & Expenses	(31,666.15)	(629,437.41)
OTHER INCOME AND EXPENSES		
Other Income (<i>attach schedule</i>)		
Interest Expense	-	49,279.76
Other Expense (<i>attach schedule</i>)		
Net Profit (Loss) Before Reorganization Items	(31,666.15)	(678,717.17)

REORGANIZATION ITEMS		
Professional Fees	16,450.00	32,900.00
U. S. Trustee Quarterly Fees		
Interest Earned on Accumulated Cash from Chapter 11 (<i>see continuation sheet</i>)	-	10,502.45
Gain (Loss) from Sale of Equipment	-	499,810.00
Other Reorganization Expenses (<i>attach schedule</i>)	-	-
Total Reorganization Expenses	(16,450.00)	477,412.45
Income Taxes		
Net Profit (Loss)	(48,116.15)	(201,304.72)

**"Insider" is defined in 11 U.S.C. Section 101(31).

BREAKDOWN OF "OTHER" CATEGORY

OTHER COSTS

Credit Card fees	-	7,668.80
Net Delivery Cost (Shipping Income Less Shipping Expenses)	1,940.73	19,593.49
Gain/Loss on Currency Exchange (Foreign Auction)		349.9
	1,940.73	27,612.19

OTHER OPERATIONAL EXPENSES

OTHER INCOME

OTHER EXPENSES

OTHER REORGANIZATION EXPENSES

Note re Professional Fees:

This figure represents the fees paid to Viking Advocates and Translingua Associates connection with commencement of adversary proceedings against foreign defendants. See detail on MOR-1.

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH 08/31	BOOK VALUE ON PETITION DATE OR SCHEDULED 03/15
CURRENT ASSETS			
Unrestricted Cash and Equivalents	907,521.23	962,003.36	829,419.77
Restricted Cash and Cash Equivalents (<i>see continuation sheet</i>)	-	-	
Accounts Receivable (Net)	23,706.35	23,706.35	367,860.71
Notes Receivable			
Inventories	71,013.51	71,013.51	71,013.51
Prepaid Expenses	4,666.72	5,444.51	34,300.24
Professional Retainers	-	-	
Other Current Assets (<i>attach schedule</i>)	116,576.73	116,576.73	116,576.73
TOTAL CURRENT ASSETS	1,123,484.54	1,178,744.46	1,419,170.96
PROPERTY & EQUIPMENT			
Real Property and Improvements			
Machinery and Equipment			
Furniture, Fixtures and Office Equipment (See note below)	234,768.20	234,768.20	234,768.20
Leasehold Improvements (See note below)	133,743.38	133,743.38	133,743.38
Vehicles			
Less: Accumulated Depreciation	(246,005.01)	(240,452.24)	(201,245.00)
TOTAL PROPERTY & EQUIPMENT	122,506.57	128,059.34	167,266.58
OTHER ASSETS			
Amounts due from Insiders*			
Other Assets (<i>See note below</i>)	54,215.00	54,215.00	302,840.00
TOTAL OTHER ASSETS			
TOTAL ASSETS	1,300,206.11	1,361,018.80	1,889,277.54
LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)			
Accounts Payable	1,557,059.56	1,564,431.10	1,739,527.28
Taxes Payable (<i>refer to FORM MOR-4</i>)	2,306.51	7,631.51	9,025.91
Wages Payable	16,710.09	16,710.09	16,710.09
Notes Payable	8,916,265.08	8,916,265.08	8,866,985.32
Rent / Leases - Building/Equipment	26,078.61	26,078.61	26,078.61
Secured Debt / Adequate Protection Payments			
Professional Fees			
Amounts Due to Insiders*			
Other Post-petition Liabilities (<i>attach schedule</i>)			
TOTAL POST-PETITION LIABILITIES	10,518,419.85	10,531,116.39	10,658,327.21
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)			
Secured Debt			
Priority Debt			
Unsecured Debt			
TOTAL PRE-PETITION LIABILITIES			
TOTAL LIABILITIES			

Pg 9 of 13

Capital Stock	6,025,000.00	6,025,000.00	6,025,000.00
Additional Paid-In Capital			
Partners' Capital Account			
Owner's Equity Account			
Retained Earnings - Pre-Petition	(678,717.17)	(678,717.17)	
Retained Earnings - Post-petition	(14,564,496.57)	(14,516,380.42)	(14,794,049.67)
Adjustments to Owner Equity (attach schedule)			
Post-petition Contributions (attach schedule)			
NET OWNERS' EQUITY	(9,218,213.74)	(9,170,097.59)	(8,769,049.67)
TOTAL LIABILITIES AND OWNERS' EQUITY	1,300,206.11	1,361,018.80	1,889,277.54

*"Insider" is defined in 11 U.S.C. Section 101(31).

BALANCE SHEET - continuation section

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets			
Other Assets			
LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Post-petition Liabilities			
Adjustments to Owner's Equity			
Post-Petition Contributions			

Restricted Cash: Cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

Note re Inventories:

This figure represents the book value of damaged items that were returned to the Debtor by auction or storefront sale purchasers.

Note re Other Current Assets:

This is the remaining uncollected balance of approx. \$211,000 withheld by the IRS for 2014-15 tax liabilities of the Debtor's predecessor, Paddle 8, Inc., which assumed the right to recovery of those funds upon its incorporation in 2017. The Debtor previously recovered approx. \$95,000 of the sum from the IRS. The balance is believed to be uncollectible.

Note re Leasehold Improvements:

Furniture and fixtures are carried at book value, are believed to have no material residual value. Leasehold improvements represent the book value of the costs of leasehold build-outs and physical upgrading of the leasehold space.

Note re Taxes Payable:

Taxes payable represent sales taxes due in connection with court-approved sale of certain assets \$5,325, and accrued prepetition tax claims \$2,306.51.

STATUS OF POST-PETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.
 Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.
 Attach photocopies of any tax returns filed during the reporting period.

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax
Withholding (See note below)						0
FICA-Employee						0
FICA-Employer						0
Unemployment						0
Income						0
Other:						0
Total Federal Taxes	0	0	0	0	0	0
State and Local						
Withholding						0
Sales						-
Excise						0
Unemployment						0
Real Property						0
Personal Property						0
Other:						0
Total State and Local	-	-	-	-	-	0
Total Taxes	0	-	0	0	0	0

SUMMARY OF UNPAID POST-PETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 91	
Accounts Payable						
Wages Payable						
Taxes Payable						
Rent/Leases-Building						
Rent/Leases-Equipment						
Secured Debt/Adequate Protection Payments						
Professional Fees						
Amounts Due to Insiders						
Other:						
Other:						
Total Post-petition Debts						

Explain how and when the Debtor intends to pay any past due post-petition debts.

Note to Federal and State Taxes:

All federal and state payroll taxes and withholding are deposited with the Debtor's payroll processor, Trinet, which in turn makes payments to the applicable federal and state agencies for withholding and taxes.

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	23,706.35
Plus: Amounts billed during the period	-
Less: Amounts collected during the period	(290.99) prior aging error
Total Accounts Receivable at the end of the reporting period	23,415.36

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old				23,415.36	23,415.36
31 - 60 days old					
61 - 90 days old					
91+ days old					
Total Accounts Receivable	-	-	-	23,415.36	23,415.36
Less: Bad Debts (Amount considered uncollectible)					
Net Accounts Receivable	-	-	-	23,415.36	23,415.36

TAXES RECONCILIATION AND AGING

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old	-			2,306.51	2,306.51
31 - 60 days old					-
61 - 90 days old					-
91+ days old					-
Total Taxes Payable	-	-	-	2,306.51	2,306.51
Total Accounts Payable					

Note re Taxes Payable:

Taxes aged at at 91+ days are forprepetition taxes reflected on the Debtor's books, for which proofs of claim may or may not have been filed by the taxing authority in the Debtor's bankruptcy case.

PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown on the Cash Receipts and Disbursements Report (MOR-1) list the amount paid to insiders (as defined in Section 101(31) (A)-(F) of the U.S. Bankruptcy Code) and to professionals. For payments to insiders, identify the type of compensation paid (e.g. Salary, Bonus, Commissions, Insurance, Housing Allowance, Travel, Car Allowance, Etc.). Attach additional sheets if necessary.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
NONE			
TOTAL PAYMENTS TO INSIDERS			

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
NONE					
TOTAL PAYMENTS TO PROFESSIONALS					

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST-PETITION
NONE			
TOTAL PAYMENTS			

Debtor

Reporting Period: 09/01/20 - 09/30/20

DEBTOR QUESTIONNAIRE

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		X
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies? <i>(See note below.)</i>	X	
5	Is the Debtor delinquent in paying any insurance premium payment?		X
6	Have any payments been made on pre-petition liabilities this reporting period?		X
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		X
8	Are any post petition payroll taxes past due?		X
9	Are any post petition State or Federal income taxes past due?		X
10	Are any post petition real estate taxes past due?		X
11	Are any other post petition taxes past due?		X
12	Have any pre-petition taxes been paid during this reporting period?		X
13	Are any amounts owed to post petition creditors delinquent?		X
14	Are any wage payments past due?		X
15	Have any post petition loans been received by the Debtor from any party?		X
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		X
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18	Have the owners or shareholders received any compensation outside of the normal course of business?		X

Note to Line 4:

One workers' compensation claim was outstanding as of the end of this reporting period, involving a former employee of the Debtor whose employment ended before the filing of the Debtor's bankruptcy petition.

Note to Lines 3 and 11:

Sales taxes were due and paid to certain state taxing authorities in connection with the court-approved sales of the Debtor's assets closed during the preceding reporting period.

Note to Line 16:

The Debtor was late in the payment of estimated U.S. Trustee's fees for the calendar quarter ended March 31, 2020. Payment of the estimated fees for that quarter was made by the Trustee during July 2020, along with payment of the estimated fees for the calendar quarter ended June 30, 2020. The actual fees due for the quarter ended June 30, 2020, in the amount of \$5,850, were paid to the U.S. Trustee in early September 2020.